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THIS IS UNEVALUATED INFORMATION

1. In the Democratic Republic of Vietnam (DRV) zone there are no coins only banknotes. Prior to occupation by the DRV there were some copper coins in use in Tonkin and North Annam. However, the DRV has confiscated all of these coins which were remnants of French issued currency.

2. Now there are two principal kinds of notes: those printed by the DRV Ministry of Finance, and those printed by the recently created National Bank.¹ Bills printed by the Ministry of Finance are in eight denominations: 1, 5, 10, 20, 50, 100, 200, and 500 piaster notes. Bills printed by the National Bank come in three denominations: 20, 50 and 100 piaster notes. Because of the rapid inflation, National Bank bills are actually worth ten times the value printed on the bills. Thus a 20 piaster National Bank bill has a real value of 200 piasters.

3. The Ho Chi Minh banknotes are valid in all parts of DRV-controlled areas; there are no special issues for particular regions. However, one bank in Central Vietnam is certified to issue 1, 5, 20, 50 and 100 piaster notes for use in South Vietnam. Bills of larger denominations are printed in the North then sent to the South. A difference in quality is noted in bills printed in the South and those of the North. Although made on the same model, bills in the South are not printed as clearly, and the paper is of poorer quality than those printed in the North.

4. DRV propaganda and pressure are no longer sufficient to maintain the purchasing power of their banknotes. The people have lost all confidence in the currency.

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5. In order to protect themselves financially the population has used several procedures:

- a. Until 1948 they buried Bank of Indochina notes. Since that time, however, this practice has been punished as treason.
- b. They convert all possessions into gold or silver.²
- c. They restrict their commercial operations. Thus farmers keep their products and sell only enough for necessities. In the mountains all trade is done by barter. But now the new taxes on agriculture must be paid in kind.
- d. People whose possessions are in French-controlled zones transfer only a minimum of these goods to the DRV-controlled zone. This is in conflict with the desires of the DRV which encourages the transfer of gold to the DRV zone from the French zone.

Use of Foreign Currencies

6. There is no foreign currency circulation in the DRV zone. Bank of Indochina notes are used only in the outskirts of the French zone where they are smuggled in. In these border areas many money traders are making a living by handling exchanges between the two currencies.
7. Chinese banknotes are not in circulation in the DRV zone. DRV official organizations for foreign trade use gold, Bank of Indochina notes, opium, etc., in their deals with China. Chinese business organizations in North Tonkin purchase goods with Ho Chi Minh bills only.
8. After the liberation of Lachay toward the end of 1950, there was, at first, exchange of banknotes between the people of Lachay in Vietnam and the people of Hok'ou in China. But administrative committees for both countries stopped the practice. Those who crossed the border were searched and all banknotes found were confiscated. Commerce was reduced to barter.
9. Vietnamese students in DRV training centers in China, and Vietnamese laborers in China, turn over their Ho Chi Minh bills as soon as they arrive in China. They receive in exchange Chinese money. During their stay in China, they received their monthly salaries in Chinese currency.

1. Comment. According to propaganda, the National Bank bills are printed in Czechoslovakia, but actually they probably are printed somewhere on the China-Indochina border with equipment lent by the Chinese.
2. Comment. In Bac Giang Province the price of gold has risen enormously: 4,000 Ho Chi Minh piasters per gram (37 grams) in 1947; 30,000 in mid-1950; 1,500,000 toward the end of 1951; and at present 2,000,000. A 100 piaster Bank of Indochina note was worth 58,800 Ho Chi Minh piasters in February 1952, and worth 75,000 Ho Chi Minh piasters in March 1952. The monetary basis accepted by the population is the 100 piaster bill. Smaller bills, and those worn and torn are refused despite governmental pressure to use other bills.